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Ex-Agent's Salary Claims Disputed

Kindschi Paid by Rewald While Still with CIA, Jury Told

By Charles Memminger
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Jack Kindschi received more than \$3,000 from Bishop, Baldwin, Rewald, Dillingham & Wong while still working for the CIA as head of its Honolulu field office, it was disclosed yesterday.

Kindschi, who went to work as a consultant for Ronald Rewald after retiring from the CIA in 1980, testified during direct examination by Assistant U.S. Attorney John Peyton that he received no money from Rewald until 1981.

Then, Kindschi said, he began receiving a \$1,000 per month "draw" from a \$48,000 investment he had made in Rewald's sporting goods business. In March 1981, Kindschi said he joined Bishop, Baldwin as a consultant and began to get a salary.

Deputy Federal Public Defender Brian Tamanaha produced a number of canceled Bishop, Baldwin checks, however, that showed Kindschi was paid about \$11,000 before he actually joined Rewald's company. That included a \$3,000 check from Interpacific Sports and \$120 Rewald gave him for analyzing some rare coins.

Kindschi said he had depended on his records when he first estimated that he did not start getting the \$1,000 sporting goods payments until 1981.

Tamanaha is using the contradiction in an attempt to discredit Kindschi's testimony and raise a question in the jurors' mind about whether Kindschi will lie in the name of national security.

TAMANAHA questioned Kindschi about different statements he gave after the collapse of Bishop, Baldwin in 1983. He pointed out that Kindschi discussed the CIA with a police investigator during an interview but refused to answer questions about the CIA before a federal grand jury.

Kindschi, still under questioning by Tamanaha, said that he would not lie when asked about the CIA but instead would refuse to answer a question. But later Kindschi conceded that there were circumstances where, in the name of national security, he would tell a "creative story."

For instance, Kindschi said, if he were a government agent on a hijacked plane he would quickly "become a farmer or a school teacher."

When Rewald told people who called H&H Enterprises — a front for CIA agents overseas — that the company was a legitimate business, he was not lying, Kindschi said.

"He was working for the common good," Kindschi said.

But Kindschi said that despite a secrecy agreement he signed with the CIA, he testified to everything in Rewald's fraud trial.

AFTER SAYING that Kindschi had lied, Tamanaha told Rewald to form a company with fake employees to make false representations to investors.

Told Rewald the CIA would supply money to allow a high return to investors.

Knew of any CIA money being funneled into Bishop, Baldwin.

Told Rewald to live extravagantly as part of a CIA front.

Told Rewald to withhold information from the Internal Revenue Service or not to file tax returns.

Under questioning by Tamanaha, Kindschi conceded that some CIA officers, upon retirement, continue to do work for the CIA on a contract basis. But he denied he did any CIA work after his retirement.

KINDSCHI said he did write a number of Bishop, Baldwin brochures and quarterly economic reports. But he said the information contained in the brochures was provided to him by Rewald.

The government contends that Rewald used misrepresentations in the brochures to lure new investors to the company.

The quarterly reports were compiled from a number of easily accessible publications, including the Wall Street Journal and economics magazines, Kindschi said.

He said he did not find out the exact condition of Rewald's company until Rewald tried to kill himself in July 1983. Kindschi lost his life savings along with a number of other people who invested with Rewald.

Tamanaha will continue questioning Kindschi when the trial resumes Tuesday.